BANYAN GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2016

Background

This discussion and analysis of financial position and results of operations is prepared as at August 29, 2016 and should be read in conjunction with the interim financial statements and the accompanying notes for the quarter ended June 30, 2016 for Banyan Gold Corp. (the "Company" or "Banyan"). The financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in the cautionary statement below. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and at www.banyangold.com.

Cautionary Note Regarding Forward-Looking Statements

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Banyan. These forward-looking statements are made as of the date of this MD&A. Except as required by applicable securities legislation, we assume no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.

Company Overview

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Alberta Corporations Act **("ABCA")** on July 26, 2010 under the name Banyan Coast Capital Corp, which was subsequently changed to Banyan Gold Corp. under a certificate of amendment on February 14, 2013. On November 24, 2010, the Company became a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario.

Banyan completed its Initial Public Offering and commenced trading on January 27, 2011 on the TSX Venture Exchange and trades under the symbol BYN.

On February 15, 2013, the Company completed its Qualifying Transaction by completing a Definite Assignment and Transfer Agreement ("Definitive Agreement") with Argus Metals Corp. ("Argus") to acquire a 100% interest, subject to underlying royalty agreements, in the Hyland Gold Property (the "Hyland Property") in the Watson Lake Mining District of the south eastern Yukon Territory, Canada.

The Corporation is engaged in the business of exploration and development of precious metals. The Corporation owns a 100% interest in the Hyland Gold Property ("Property") in the Yukon Territory.

The Property contains a Main Zone NI 43-101 Compliant Resource of 361,692 oz gold (12,503,994 tonnes of 0.90 g/t Au) and 2,248,948 oz silver (12,503,994 tonnes of 5.59 g/t Ag).

Selected Financial Information

The following selected financial information is derived from the audited financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS").

Fiscal Quarters of the Fiscal Year Ended September 30, 2016

All in $ Cdn	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Operations:				
Revenues	$ -	$ -	$ -	
Expenses	46,317	70,290	115,165	
Comprehensive Loss	(46,317)	(72,290)	(115,165)	
Loss per share – basic & fully diluted	(0.00)	(0.00)	(0.00)	
Balance Sheet:				
Working Capital	21,495	99,175	(18,128)	
Total Assets	1,171,024	1,182,060	1,114,849	
Total Long term liabilities	Nil	Nil	Nil	

Fiscal Quarters of the Fiscal Year Ended September 30, 2015

All in $ Cdn	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Operations:				
Revenues	$ -	$ -	$ -	$ -
Expenses	30,656	52,727	48,183	94,228
Comprehensive Loss	(30,656)	(52,727)	(48,183)	(94,228)
Loss per share – basic & fully diluted	(0.00)	(0.00)	(0.00)	(0.00)
Balance Sheet:				
Working Capital	57,190	443,996	275,729	11,395
Total Assets	767,330	1,201,496	1,148,704	1,151,667
Total Long term liabilities	Nil	Nil	Nil	Nil

Fiscal Quarters of the Fiscal Year Ended September 30, 2014

All in $ Cdn	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Operations:				
Revenues	$ -	$ -	$ -	$ -
Expenses	64,649	106,908	55,020	57,385
Comprehensive Loss	(64,649)	(106,908)	(55,020)	(57,385)
Loss per share – basic & fully diluted	(0.00)	(0.01)	(0.00)	(0.01)
Balance Sheet:				
Working Capital	275,813	233,387	181,264	62,630
Total Assets	992,712	898,112	841,149	812,375
Total Long term liabilities	Nil	Nil	Nil	Nil

Results of Operations

Corporate Results

On February 1, 2016, the Company announced the appointment of Mr. Mark Haywood as President, Chief Executive Officer and Director of the Corporation who subsequently resigned on June 30, 2016. The President and Chief Executive position was filled on August 5, 2016 by Tara Christie (see "Subsequent Event" below)

Hyland Property

2015 Work Program

The 2015 Hyland Gold Project mineral exploration program was designed to drill test a deep-seated, limestone-replacement style and listric fault related gold mineralization model theorized to exist on the Hyland Gold Project. Drill testing of this mineralization concept was successful in:

1) Interception of a mineralized lower limestone unit of the Hyland Group Formation metasedimentary package; and

2) Penetration through a fault zone within the north-south oriented Quartz Lake Corridor which is interpreted to represent a large-scale, structural control to gold mineralization.

The Hyland Gold Project 2015 Mineral exploration program was completed during August 2015 and consisted of 739.85 metres of HQ and ND diamond drilling over three (3) drillholes within the mineralized Camp Zone.

Highlights from the drill program of the 2015 Hyland Exploration program include:

Drillhole HY-15-45: 31.08m of 0.4 g/t Au from 2.45 to 33.53m - including 13.43m of 0.62 g/t Au from 2.45 to 15.88m. Elevated base metals were encountered at depth in this hole, beneath the fault zone as well, including a 870 ppm Cu complete with an overlimits (>200 g/t) Ag, 1.14m interval.

Drillhole HY-15-46: 76.34m of 0.32 g/t Au from 75.56 to 151.90m - including 20.95m of 0.41 g/t Au from 73.88 to 94.83m and 35.9m of 0.36 g/t Au from 116 to 151.9m.

Drillhole HY-15-47: 88.7m of 0.24 g/t Au from 35.52 to 135.22m which includes intervals of 29.82m of 0.33 g/t Au from 45.52 to 75.34m and 23.68m of 0.37 g/t Au from 110.54 to 134.22m. This hole, and HY-15-46, illustrates a consistently and pervasively gold mineralized interval complete with elevated base metals at depth. Hole HY-15-47 intercepted an anomalously high interval of 2000 ppm* Pb from 94.7 to 127.43m.

**2000ppm requires further definition as 3 of the intervals (5.23 m of the interval) returned >10,000ppm Pb and will require overlimits analyses to more accurately define the grades. Overlimits Zinc assays were returned from these intervals as well.*

By testing these targets, Banyan has highlighted the under-tested regional mineralization potential of the Hyland Gold Project and highlights the fact that substantive mineral potential exists beyond the Main Zone.

Co-incident with the diamond drilling program, Banyan's 2013/2014 Montrose Ridge discovery, 6.5 km south of the Main Zone, was the focus of a systematic surface sampling and trenching program designed to define drill targets to continue to test the District-Scale mineral potential of the Hyland Gold Project. Over 3.5 km of access trail construction was completed during the 2015 Montrose

Ridge Zone program culminating in approximately 1 km of surface trench construction and subsequent chip/channel sampling. This trenching operation represented the first time heavy machinery and vehicular access to Montrose Ridge has been possible, and afforded an exceptional opportunity to expose bedrock and sub-crop within the broad Au-As-in-soils-anomaly defined at Montrose Ridge through previous Banyan exploration programs. Trench results from the Montrose Ridge Zone were highly encouraging, with heavily alteration and sulphide (arsenopyrite, bismuithinite and pyrite) mineralization identified from a fault-hosted structural zone within a previously un-mapped member of the hosting Hyland Group, the Yusezyu Conglomerate (brittle pebble conglomerate unit), on the Hyland Gold Property.

In total, 327 diamond drill samples and 193 trench samples were collected during the 2015 program and sent for chemical analyzes at Bureau Veritas Commodities Canada Ltd.

Montrose Trench results highlights include:

Trench MT-15-01*:
6m of 4.4 g/t Au from 0-6m including 2m of 13.1 g/t Au from 4-6m

24 m of 0.47 g/t Au from 18 to 42m, including 6m of 1.3 g/t Au from 36-42m.

**Trench MT-15-01 was 42 m long, however only 30m were sampled due to overburden conditions from 6m to 18m.*

Of the 193 samples collected and analyzed as part of the 2015 trench program, assays ranged from trace to 13.1 g/t Au and averaged 0.19 g/t Au. Selected chip and channel samples from the other trenches completed included 2.25 g/t Au, 1.35 g/t Au, 2.9 g/t Au and 1.3 g/t Au.

The 2015 Montrose Ridge trenches were designed to cross-cut interpreted strike of the controlling structures as closely as possible. In all cases the trenches remain open in all directions with potential for hosting gold-mineralized structures. In total approximately 380m of strike extent of the Montrose Ridge zone was tested in the 2015 program. A soil-geochemical XRF study was conducted co-incident with the trench program and a striking bismuth-gold relationship was established from this study, and subsequently validated through chemical analyses. The 2015 XRF study also helped to fine-tune final trench locations, and provided valuable elemental relationships which will be applied to all exploration efforts going forward.

This, the first detailed rock sampling program at Montrose established a lack of a silver association with the Montrose Ridge gold mineralization. This is similar to the Cuz Zone, 2.5 km to the South of Montrose and fits with management’s interpretation that both Cuz and Montrose represent a separate mineralized system from the Hyland Main Zone system, where an approximate 1:4 gold-silver ratio exits. This definition of repeated, multi-phased gold mineralization events on the Hyland Project further builds out the District-Scale gold system Banyan is working to demonstrate.

The Montrose Ridge Zone was initially discovered in 2013 by Banyan, through a detailed soils/rock sampling program on the South Hyland Property, 6.5km south of the Hyland Main Zone (which hosts a NI 43-101 Inferred Resource of 396,000 gold equivalent ounces). Importantly, the Montrose Ridge Zone lies along the identified >12 km long Quartz Lake Corridor which is interpreted to control significant mineralization identified on the Hyland Project, and fits with the Company’s regional structurally controlled mineralization model for the Hyland Project and Hyland District.

2016 Work Programs

Based on the strength of the 2015 Hyland Gold Project results, in Q1 2016, Banyan applied for, and was subsequently granted a $40,000 YMEP (“Yukon Mineral Exploration Program”) bursary, that the

Company intends to utilize for the on-the-ground 2016 Hyland Gold Project mineral exploration program subject to funding in the third quarter of 2016.

During the quarter, the Company engaged Rob Carne to carry out an updated NI 43-101 Report on the Hyland Gold Project which was subsequently delivered on August 5, 2016. Mr. Carne has been actively involved in mineral exploration, principally in the Yukon since 1972, and he has authored or co-authored a number of technical papers on Yukon mineral deposits.

The Technical Report with respect to Hyland entitled "Technical Report on the Hyland Gold Project, Yukon Territory, Canada" was written by Robert C. Carne, M.Sc., P.Geo., Carvest Holdings Ltd. and Allan Armitage, Ph.D., P.Geol., GeoVector Management Inc and dated August 4, 2016. Mr. Armitage and Mr. Carne are each a "qualified person" as defined in NI 43-101. Both Mr. Carne and Armitage are "independent" of Banyan.

Summary Table of Resources (extracted from August 4, 2016 NI 43-101 Hyland Gold Project Technical Report)

AuEq Cut-off	Tonnes	Grade	Ozs	Ag g/t	Ag Ozs	AuEq g/t	AuEq Ozs
0.4 g/t	16,820,094	0.79	425,424	4.84	2,619,911	0.86	465,946
0.5 g/t	14,734,230	0.84	397,785	5.18	2,453,560	0.92	435,738
0.6 g/t	**12,503,994**	**0.90**	**361,692**	**5.59**	**2,248,948**	**0.99**	**396,468**
0.7 g/t	9,678,679	0.99	307,098	6.39	1,988,733	1.09	337,824
0.8 g/t	7,038,666	1.10	248,349	7.31	1,654,686	1.21	273,942

** "Gold equivalent" or "AuEq" is based on silver metal content valued at 0.016 gold value using a $1016 US Au price and a $15.82US Ag price, which approximates the average prices for these metals over the last three years.*

The Inferred Mineral Resource was estimated using practices consistent with CIM (2005) and applied to the generation of the resource estimate. A database of 92 diamond and Reverse circulation drill holes (13,615 meters) with 8,704 assay values collected through 2011 were used for the estimate. This included 72 historic drill holes (9,662 metres, 2,713 assays) completed from 1988 to 2005, and 20 drill holes (3,953 metres, 5,591 assays) completed in 2010 and 2011. The drill hole database included collar locations, down hole survey data, assay data, lithology data and specific gravity ("SG") data. Topographic data from government topographic maps was provided from which a 3D topography surface file was created. Inverse distance squared interpolation restricted to a single mineralized domain was used to estimate gold and silver grades into the block model.

Subject to financing, the Company has planned a 2016 field based exploration program following up on the recommendations of Rob Carne. The work program will consist of soil sampling, trenching and drilling with an estimated budget of $350,000 utilizing the equipment on site (excavator, drill, bulldozer, and camp). The company also intends to follow up on the recommendations in the report to acquire satellite imagery to assist in targeting for exploration in 2017.

The Hyland Gold Property information reported above has been reviewed and approved by Paul D. Gray, B.Sc., P.Geo., Vice President Exploration for Banyan Gold, the Qualified Person as defined by NI 43-101.

Analysis of Hyland Expenditures:

Balance– September 30, 2014	$ 714,176
Government grant receivable for work completed	(87,965)
Exploration and evaluation expenses capitalized	423,156
Closing balance – September 30, 2015	$ 1,049,367
Government grant receivable for work completed	(Nil)
Exploration and evaluation expenses capitalized	16,658
Closing balance – June 30, 2016	$ 1,066,025

During the quarter ended June 30, 2016, the Company recorded a net loss of $(115,165), vs a loss of $(48,183) for the quarter ended June 30, 2015. The main driver behind the higher quarterly loss is the increase in Professional Fees of $50,369 ($71,125 in 2016 vs $20,756 in 2015) as the Company hired a CEO commencing February 1, 2016 who was there for the duration of this quarter. There was also an increase in G&A cost of $19,334 ($36,290 in 2016 vs $16,956 in 2015) as a result of maintaining an office for the CEO, timing of insurance billing and carrying out additional marketing.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of general and admin expenses and material costs incurred in the last two comparative periods:

General & Admin & Material Costs	Quarter Ended June 30, 2016	Quarter Ended June 30, 2015
General & Admin:		
Marketing	10,843	5,000
Insurance	5,250	-
Shareholder Communications & AGM	4,152	5,176
Travel	3,822	2,716
General Office	2,135	1,204
Transfer Agent Fees	1,982	2,861
Professional Dues	1,051	-

Liquidity and Capital Resources

The accompanying interim financial statements are presented on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of operations.

The Company does not generate cash flows from operations and has therefore relied principally on the issuance of equity securities to finance its operation activities to the extent that such instruments are issuable under terms acceptable to the Company.

If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

From inception to June 30, 2016, the Company raised gross proceeds of $1,795,050 from the sale of its common shares.

As at June 30, 2016, the Company had working capital of $(18,128) (2015 - $275,729) which will be insufficient to fund the Company thru the next fiscal year and a financing will be required to fund the Company's short and long term cash requirements. See Subsequent Event below.

Off-Balance Sheet Arrangements

None

Proposed Transactions

See Subsequent Note Below

Transactions With Related Parties

During the quarter, $68,125 (2015 - $21,000) was charged to the corporation by officers of the Company. $7,000 (2015 - $10,500) has been billed to management fees by 1195472 Ontario Ltd. for the CFO, $7,000 (2015 - $10,500) to professional fees by Paul D. Gray Geological Consulting and $20,000 (2015 - nil) has been billed by the former CEO. $34,125 as been accrued for consulting fees performed by a Company controlled by a director.

Critical Judgments and Accounting Estimates

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared on a historical costs basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could results in a material adjustment to the carry amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) the recoverability of receivables which are included in the statements of financial position;
ii) the inputs used in accounting for stock-based compensation expense, which are included in the statement of operations;
iii) recoverability of future income tax asset;
iv) recoverability of exploration and evaluation expense asset;
v) the valuation of the rehabilitation provision; and
vi) the valuation of share-based payments transactions.

The significant accounting policies, critical judgements and accounting estimates used by the Company are discussed in detail in the 2015 annual MD&A for the year ended September 30, 2015, under the heading "Critical Judgements and Accounting Estimates", as well as the 2015 annual audited financial statements for the year ended September 30, 2015, in Note 3.

There have been no material changes applied to these accounting policies from September 30, 2015 up to the date of this MD&A.

Risks and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

The Issuer is a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Issuer was incorporated on July 26, 2010 and has yet to generate a profit from its activities. The Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Issuer anticipates that it may take several years to achieve positive cash flow from operations.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Issuer's resource base.

The Issuer's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Issuer.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Issuer's current and planned exploration program and potential mining operations will be required. No assurances can be given that the Issuer will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations, mineral prices, environmental rehabilitation or restitution. Revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such finding requirements, the Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Issuer's control including, commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Property.

Regulatory Requirements

The current or future operations of the issuer require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Issuer may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Resulting Issuer might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Issuer has limited financial resources. If the Issuer's exploration programs on the Property are successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Issuer will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Issuer's shareholders.

Requirement for Permits and Licenses

A substantial number of additional permits and licenses may be required should the Issuer proceed beyond exploration; such licenses and permits may be difficult to obtain and may be subject to changes in regulations and in various operational circumstances. It is uncertain whether the Issuer will be able to obtain all such licenses and permits.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Issuer will compete with other mining companies, many of which have greater financial, technical and other resources than the Issuer, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Issuer is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Issuer's business and prospects. The Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

No Mineral Reserves

Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Issuer's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Licenses and Permits

The activities of the Issuer are subject to provincial and federal approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Although the Issuer believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Issuer. Further, the licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Issuer's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of the Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Property.

Conflicts of Interest

Certain of the directors and officers of the Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Issuer may become subject to conflicts of interest. The ABCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Issuer's results of operations and financial condition and could cause a decline in the value of the Issuer Share. The Issuer does not intend to maintain insurance against environmental risks.

Investor Relations Activities

The Company does not have any investor relations arrangements.

Disclosure of Outstanding Share Data

a) Authorized and Issued capital stock:

As of June 30, 2016:

Unlimited number of:
Unlimited Class A voting common shares
Unlimited Class B non-voting, common shares
Unlimited Preferred Shares
All issued shares are fully paid

The Company’s authorized share capital is unlimited common shares without par value. As at June 30, 2016, there are 28,384,000 issued and outstanding common shares.

b) Warrants Outstanding:

As of June 30, 2016

Number	Exercise Price	Expiry Date
4,350,000	$0.075	March 13, 2017*
600,000	$0.075	April 10 2017*
4,000,000	$0.070	January 29, 2019**
8,950,000		

Note:

*The warrants may have their expiry time accelerated at any time prior to the expiry of the warrants if the volume-weighted average trading price of the corporation's shares on the TSX Venture Exchange is greater than 12 cents for 15 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice.

** The warrants may have their expiry time accelerated at any time prior to the expiry of the warrants if the volume-weighted average trading price of the corporation's shares on the TSX Venture Exchange is greater than 10 cents for 15 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice.

c) Options Outstanding:

Number	Exercise Price	Expiry Date
250,050	$0.15	January 21, 2021
650,000	$0.05	January 31, 2019
75,000	$0.05	April 22, 2019
675,000	$0.05	August 10, 2020
485,000	$0.05	December 31,2020**
115,000	$0.05	February 1,2021**
2,250,050		

**The expiry date for these options have been accelerated to September 28, 2016.

d) Stock & Warrant Transactions

There were no stock or warrant transactions during the quarter ended June 30, 2016.

On January 29, 2016, the Company completed a non-brokered private placement for $200,000 by issuing 4,000,000 Units at a price of $0.07 per Unit. Each unit consist of one common share and one non-transferable common share purchase warrant (4,000,000 in total), with each full warrant exercisable into one common share of the Company at an exercise price of $0.07 for a period of 35 months from the date of issuance.

The warrants, which form part of the units, may have their expiry time accelerated at any time prior to the expiry of the warrants if the volume-weighted average trading price of the corporation's shares on the TSX Venture Exchange is greater than 15 cents for 15 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice. A total share issuance costs incurred equaled

$63,477, of which $61,127 was assigned to the value of the share purchase warrants based on the Black Scholes pricing model.

During the prior year period, on March 12, 2015, the Company completed a non-brokered private placement for $435,000 by issuing 8,700,000 Units at a price of $0.05 per unit, Each unit consists of one common share (8,700,000 in total) and one-half of a non-transferable common share purchase warrant (4,350,000 in total), with each full warrant exercisable into one common share of the company at an exercise price of 7.5 cents for a period of 24 months from the date of issuance.

The warrants, which form part of the units, may have their expiry time accelerated at any time prior to the expiry of the warrants if the volume-weighted average trading price of the corporation's shares on the TSX Venture Exchange is greater than 12 cents for 15 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice. A total share issuance costs incurred equaled $226,142, of which $222,826 was assigned to the value of the share purchase warrants based on the Black Scholes pricing model.

On April 8th in the prior year, the Company completed a second tranche non-brokered private placement for $60,000 by issuing 1,200,000 Units at a price of $0.05 per unit, Each unit consists of one common share and one-half of a non-transferable common share purchase warrant, with each full warrant exercisable into one common share of the company at an exercise price of 7.5 cents for a period of 24 months from the date of issuance

The warrants, which form part of the units, may have their expiry time accelerated at any time prior to the expiry of the warrants if the volume-weighted average trading price of the corporation's shares on the TSX Venture Exchange is greater than 12 cents for 15 consecutive trading days, at which time the corporation may give notice in writing to the warrant holders within 10 days of such an occurrence that the warrants shall expire on the 30th day following the giving of such notice. A total share issuance costs incurred equaled $27,968, of which $27,423 was assigned to the value of the share purchase warrants based on the Black Scholes pricing model.

Subsequent Event

On August 5, 2016, the Company announced the appointment of Tara Christie to the position of President and Chief Executive Officer. Ms. Christie is an accomplished mining executive with more than 20 years of operational experience. She has managed a number of private and publicly listed mineral resource companies and served as a member of the Yukon Environmental and Socioeconomic Assessment Board. Ms. Christie completed her Bachelor’s and Master’s Degrees in Geotechnical Engineering and has spent most of her career working in the Yukon and on resource exploration and development projects in Northern Canada.

Also on August 5, 2016, the Company issued 500,000 stock options exercisable at $0.065 for a period of 5 years.

On August 11, 2016, the Company completed a shares for debt arrangement whereby 700,000 shares, at a deemed value of $0.065 per share, were issued to a Company controlled by the

President & CEO to extinguish $45,500 in debt.

On August 9th the Company announced the commencement of an $850,000 financing, subsequently raised to $1.2 million on August 11th. On August 23rd the Company received TSX Venture approval to close their financing. A total of $1,199,999.90 was raised consisting of 8,157,349 Flow-Through Shares at a price of $0.075 per Flow Through-Share for gross proceeds of $611,801.18. A further 9,049,211 hard units ("Units") at $0.065 per Unit for gross proceeds of $588,198.72 will be issued. Each Unit consist of one common share and ½ of a common share purchase warrant, each full warrant being exercisable for a period of 24 months from closing into one common share at a price of $0.085.

Insiders participated in the financing for $140,280 or 11.7%. Finders fees of $14,101.56 will be payable on the financing.

On August 25, 2016, the Company announced they had issued 500,000 stock options to an officer of the Company at an exercise price of $0.085 for a period of 5 years.